From: LGREHER --VUS0212A Date and time 12/03/93 15:39:06
To: LPOLLAK --VUS0212A Lee Pollak
cc: WBURRELL--VUS0212A Wendy Burrell

Subject: Health Warnings - Africa

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fyi...Leslie

*** Forwarding note from WBURRELL--VUS0212A 12/03/93 12:57 ***
To: LGREHER --VUS0212A Leslie Greher

From: Wendy Burrell
Subject: Health Warnings - Africa

Thanks for the copy. I do not know the genesis of this, but I can add that RI has told me that they have put an "indefinite hold" on implementing the warning labels and that they are waiting for "proof positive" that the US companies are complying before they go forward. This has upset BAT, who at the corporate level are all in favor of full implementation. They are receiving flack from their field people.

RJR has been vague about implementation, but my guess is that slowly but surely they are complying with the new policy.

Wendy

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*** Forwarding note from LGREHER --VUS0212A 12/03/93 10:03 ***
To: LPOLLAK --VUS0212A Lee Pollak
cc: DDANGOOR--VUS0212A David Dangoor WBURRELL--VUS0212A Wendy Burrell

Subject: Health Warnings - Africa

In response to your question about competition's use of Health Warnings in African markets where there is no legislation requiring them is as follows:

According to Rand Sherif, the only company in Africa that uses Health Warnings on all packs without exception in the markets without legislation is Philip Morris.

BAT, RI, RJR, etc., are all dragging their feet.

About 6 months ago Rothmans reported (started?) a rumor that PM was taking off their Health Warnings on products going to China. Rand investigated this and reported to Rothmans that it was not true.

The last industry meeting was held on November 18. At that time, Rand restated the PM position. He also indicated that PM saw no negative impact on its sales as a result of putting the Health Warning on all the packs.

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Even in countries where we manufacture under license (e.g., Ivory Coast) and despite Bollore's resistance, PM has the Health Warning and has seen no problems created.

At this point, Rothmans claim to be "ready to go" on Health Warnings. BAT don't know what they will do (Rand says that is not unusual as they are

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constantly changing their Management in Africa). Bollore is "hiding its head in the sand" hoping that the Ministers of Health will make the decision for them. RJR is "vague" on the subject.

There is only one market where there was even a hint of a Government problem. That was in Malawi where we have a barter deal for tobacco and recently started importing Marlboro, Marlboro Lights, and Bond Street (all are "selling like hotcakes"). In this market, BAT was greatly upset that we entered "their" market and were doing well. BAT sent a letter to our distributor alleging that the Government had asked BAT not to put Health Warnings on their brands because they were a tobacco growing and exporting market and it wouldn't be good for their business. Our distributor did not respond in writing but were told that if they needed to make any verbal comment, they should say that PM, too, supported the tobacco growing and bought lots of Malawi tobacco but youth protection was an extremely important issue, therefore, our Corporate policy was to put a Health Warning on all our packs worldwide. No Government comment was ever received either by PM or by our distributor.

Before embarking on the program to add Health Warnings, Rand had been concerned that this might have a negative impact on our sales, especially if the competition did not follow. At this point he says he was wrong. There was no negative impact; on the contrary, in some places it may be a positive.

Leslie

E N D O F N O T E

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